

110TH CONGRESS  
1ST SESSION

# S. 822

To amend the Internal Revenue Code of 1986 to improve and extend certain energy-related tax provisions, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

MARCH 8, 2007

Ms. SNOWE (for herself, Mrs. FEINSTEIN, Mr. KERRY, Mr. BUNNING, Mr. BINGAMAN, Mr. SALAZAR, Mr. COLEMAN, Mr. SMITH, Mr. ALLARD, and Mr. CORNYN) introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to improve and extend certain energy-related tax provisions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “EXTEND the Energy Efficiency Incentives Act of  
6 2007”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-  
8 wise expressly provided, whenever in this Act an amend-  
9 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
 2 shall be considered to be made to a section or other provi-  
 3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents of  
 5 this Act is as follows:

Sec. 1. Short title; etc.

#### TITLE I—NON-BUSINESS ENERGY IMPROVEMENTS

Sec. 101. Performance based energy improvements for non-business property.  
 Sec. 102. Extension and modification of credit for nonbusiness energy property.  
 Sec. 103. Modification of credit for solar electric property and solar hot water  
 property.

#### TITLE II—BUSINESS-RELATED ENERGY IMPROVEMENTS

Sec. 201. Extension and modification of new energy efficient home credit.  
 Sec. 202. Extension and modification of deduction for energy efficient commer-  
 cial buildings.  
 Sec. 203. Deduction for energy efficient low-rise buildings.  
 Sec. 204. Energy efficient property deduction.  
 Sec. 205. Extension of investment tax credit with respect to solar energy prop-  
 erty and qualified fuel cell property.

#### TITLE III—INCENTIVES FOR ENERGY SAVINGS CERTIFICATIONS

Sec. 301. Credit for energy savings certifications.

## 6 **TITLE I—NON-BUSINESS** 7 **ENERGY IMPROVEMENTS**

### 8 **SEC. 101. PERFORMANCE BASED ENERGY IMPROVEMENTS** 9 **FOR NON-BUSINESS PROPERTY.**

10 (a) IN GENERAL.—Subpart A of part IV of sub-  
 11 chapter A of chapter 1 is amended by inserting after sec-  
 12 tion 25D the following new section:

#### 13 **“SEC. 25E. PERFORMANCE BASED ENERGY IMPROVE-** 14 **MENTS.**

15 “(a) IN GENERAL.—In the case of an individual,  
 16 there shall be allowed as a credit against the tax imposed

1 by this chapter for the taxable year an amount equal to  
 2 the amount of qualified energy efficiency expenditures  
 3 paid or incurred by the taxpayer during the taxable year.

4 “(b) LIMITATIONS.—

5 “(1) IN GENERAL.—The amount allowed as a  
 6 credit under subsection (a) shall not exceed the  
 7 product of—

8 “(A) the qualified energy savings achieved,  
 9 and

10 “(B) \$4,000.

11 “(2) MINIMUM AMOUNT OF QUALIFIED ENERGY  
 12 SAVINGS.—No credit shall be allowed under sub-  
 13 section (a) with respect to any principal residence  
 14 which achieves a qualified energy savings of less  
 15 than 20 percent.

16 “(3) LIMITATION BASED ON AMOUNT OF  
 17 TAX.—In the case of taxable years to which section  
 18 26(a)(2) does not apply, the credit allowed under  
 19 subsection (a) for any taxable year shall not exceed  
 20 the excess of—

21 “(A) the sum of the regular tax liability  
 22 (as defined in section 26(b)) plus the tax im-  
 23 posed by section 55, over

24 “(B) the sum of the credit allowable under  
 25 this subpart (other than this section and sec-

1           tions 23, 24, and 25B) and section 27 for the  
2           taxable year.

3           “(c) QUALIFIED ENERGY EFFICIENCY EXPENDI-  
4   TURES.—For purposes of this section:

5           “(1) IN GENERAL.—The term ‘qualified energy  
6       efficiency expenditures’ means any amount paid or  
7       incurred which is related to producing qualified en-  
8       ergy savings in a principal residence of the taxpayer  
9       which is located in the United States.

10          “(2) NO DOUBLE BENEFIT FOR CERTAIN EX-  
11       PENDITURES.—The term ‘qualified energy efficiency  
12       expenditures’ shall not include any expenditure for  
13       which a deduction or credit is otherwise allowed to  
14       the taxpayer under this chapter.

15          “(3) PRINCIPAL RESIDENCE.—The term ‘prin-  
16       cipal residence’ has the same meaning as when used  
17       in section 121, except that—

18               “(A) no ownership requirement shall be  
19               imposed, and

20               “(B) the period for which a building is  
21               treated as used as a principal residence shall  
22               also include the 60-day period ending on the 1st  
23               day on which it would (but for this subpara-  
24               graph) first be treated as used as a principal  
25               residence.

1       “(d) QUALIFIED ENERGY SAVINGS.—For purposes of  
2 this section—

3               “(1) IN GENERAL.—The term ‘qualified energy  
4 savings’ means, with respect to any principal resi-  
5 dence, the amount (measured as a percentage) by  
6 which—

7                       “(A) the annual energy use with respect to  
8 the principal residence after qualified energy ef-  
9 ficiency expenditures are made, as certified  
10 under paragraph (2), is less than

11                      “(B) the annual energy use with respect to  
12 the principal residence before the qualified en-  
13 ergy efficiency expenditures were made, as cer-  
14 tified under paragraph (2).

15 In determining annual energy use under subpara-  
16 graph (B), any energy efficiency improvements  
17 which are not attributable to qualified energy effi-  
18 ciency expenditures shall be disregarded.

19               “(2) CERTIFICATION.—

20                      “(A) IN GENERAL.—The Secretary, in con-  
21 sultation with the Secretary of Energy, shall  
22 prescribe the procedures and methods for the  
23 making of certifications under this paragraph  
24 based on the Residential Energy Services Net-

1 work (RESNET) Technical Guidelines in effect  
 2 on the date of the enactment of this section.

3 “(B) QUALIFIED INDIVIDUALS.—Any cer-  
 4 tification made under this paragraph may only  
 5 be made by an individual who is recognized by  
 6 an organization certified by the Secretary for  
 7 such purposes.

8 “(e) SPECIAL RULES.—For purposes of this section  
 9 rules similar to the rules under paragraphs (4), (5), (6),  
 10 (7), (8), and (9) of section 25D(e) and section 25C(e)(2)  
 11 shall apply.

12 “(f) BASIS ADJUSTMENTS.—For purposes of this  
 13 subtitle, if a credit is allowed under this section with re-  
 14 spect to any expenditure with respect to any property, the  
 15 increase in the basis of such property which would (but  
 16 for this subsection) result from such expenditure shall be  
 17 reduced by the amount of the credit so allowed.

18 “(g) TERMINATION.—This section shall not apply  
 19 with respect to any property placed in service after Decem-  
 20 ber 31, 2011.”.

21 (b) INTERIM GUIDANCE ON CERTIFICATION.—

22 (1) IN GENERAL.—Not later than 90 days after  
 23 the date of the enactment of this Act, the Secretary  
 24 of the Treasury, in consultation with the Secretary  
 25 of Energy, shall issue interim guidance on—

1 (A) the procedures and methods for mak-  
 2 ing certifications under sections 25E(d)(2)(A)  
 3 and 179F(d)(2)(A) of the Internal Revenue  
 4 Code of 1986, as added by subsection (a) and  
 5 section 203, respectively;

6 (B) the recognition of qualified individuals  
 7 under sections 25E(d)(2)(B) and  
 8 179F(d)(2)(B) of such Code for the purpose of  
 9 making such certifications; and

10 (C) how participation in State energy effi-  
 11 ciency programs can be used in the procedures  
 12 and methods described in subparagraph (A).

13 (2) CONSULTATION WITH STAKEHOLDERS.—

14 (A) IN GENERAL.—The Secretary of the  
 15 Treasury, in issuing guidance pursuant to para-  
 16 graph (1), shall consider comments from energy  
 17 efficiency experts and other interested parties.

18 (B) OTHER CONSIDERATIONS.—In the case  
 19 of guidance issued pursuant to paragraph  
 20 (1)(B), the Secretary of the Treasury shall also  
 21 consider—

22 (i) the Residential Energy Services  
 23 Network Technical Guidelines and other  
 24 pertinent guidelines for evaluating energy  
 25 savings;

(ii) energy modeling software, including software accredited through the Residential Energy Services Network; and

(iii) quality assurance procedures of the Building Performance Institute, Home Performance through Energy Star, and the Residential Energy Services Network.

(c) ALTERNATIVE CERTIFICATION METHODS.—

(1) IN GENERAL.—The Secretary of the Treasury shall establish a procedure for individuals and businesses to petition for the approval of alternative methods of certification under sections 25E(d)(2)(A) and 179F(d)(2)(A) of the Internal Revenue Code of 1986, as added by subsection (a) and section 203, respectively.

(2) DETERMINATION.—The Secretary of the Treasury shall make a determination on the approval or disapproval of such alternative methods of certification not later than 90 days after receiving a petition under paragraph (1).

(d) CONFORMING AMENDMENTS.—

(1) Section 26(a)(1) is amended by striking “and 25B” and inserting “25B, and 25E”.

(2) Section 1016(a) is amended by striking “and” at the end of paragraph (36), by striking the



1 period at the end of paragraph (37) and inserting “,  
 2 and”, and by adding at the end the following new  
 3 paragraph:

4 “(38) to the extent provided in section  
 5 25E(f).”.

6 (3) The table of sections for subpart A of part  
 7 IV of subchapter A chapter 1 is amended by insert-  
 8 ing after the item relating to section 25D the fol-  
 9 lowing new item:

“Sec. 25E. Performance based energy improvements.”.

10 (e) EFFECTIVE DATES.—The amendments made by  
 11 this section shall apply to amounts paid or incurred in tax-  
 12 able years beginning after the date of the enactment of  
 13 this Act.

14 **SEC. 102. EXTENSION AND MODIFICATION OF CREDIT FOR**  
 15 **NONBUSINESS ENERGY PROPERTY.**

16 (a) EXTENSION.—Subsection (g) of section 25C (re-  
 17 lating to termination) is amended by striking “December  
 18 31, 2007” and inserting “December 31, 2011”.

19 (b) LABOR COSTS FOR QUALIFIED ENERGY EFFI-  
 20 CIENCY IMPROVEMENTS.—Section 25C(c)(1) is amended  
 21 by adding at the end the following new flush sentence:

22 “The amount taken into account under subsection  
 23 (a)(1) with respect to qualified energy efficiency im-  
 24 provements shall include expenditures for labor costs  
 25 properly allocable to the onsite preparation, assem-

1 bly, or original installation of any component de-  
 2 scribed in this paragraph.”.

3 (c) MODIFICATIONS FOR RESIDENTIAL ENERGY EF-  
 4 FICIENCY PROPERTY EXPENDITURES.—

5 (1) INCREASED LIMITATION FOR OIL FURNACES  
 6 AND NATURAL GAS, PROPANE, AND OIL HOT WATER  
 7 BOILERS.—

8 (A) IN GENERAL.—Subparagraphs (B) and  
 9 (C) of section 25C(b)(3) are amended to read  
 10 as follows:

11 “(B) \$150 for any qualified natural gas  
 12 furnace or qualified propane furnace, and

13 “(C) \$300 for—

14 “(i) any item of energy-efficient build-  
 15 ing property, and

16 “(ii) any qualified oil furnace, quali-  
 17 fied natural gas hot water boiler, qualified  
 18 propane hot water boiler, or qualified oil  
 19 hot water boiler.”.

20 (B) CONFORMING AMENDMENT.—Clause  
 21 (ii) of section 25C(d)(2)(A) is amended to read  
 22 as follows:

23 “(ii) any qualified natural gas fur-  
 24 nace, qualified propane furnace, qualified  
 25 oil furnace, qualified natural gas hot water

1 boiler, qualified propane hot water boiler,  
2 or qualified oil hot water boiler, or”.

3 (2) MODIFICATIONS OF STANDARDS FOR EN-  
4 ERGY-EFFICIENT BUILDING PROPERTY.—

5 (A) ELECTRIC HEAT PUMPS.—Subpara-  
6 graph (B) of section 25C(d)(3) is amended to  
7 read as follows:

8 “(A) an electric heat pump which achieves  
9 the highest efficiency tier established by the  
10 Consortium for Energy Efficiency, as in effect  
11 on January 1, 2008.”.

12 (B) CENTRAL AIR CONDITIONERS.—Sec-  
13 tion 25C(d)(3)(D) is amended by striking  
14 “2006” and inserting “2008”.

15 (C) WATER HEATERS.—Subparagraph (E)  
16 of section 25C(d) is amended to read as follows:

17 “(E) a natural gas, propane, or oil water  
18 heater which has either an energy factor of at  
19 least 0.80 or a thermal efficiency of at least 90  
20 percent.”.

21 (D) OIL FURNACES AND HOT WATER BOIL-  
22 ERS.—Paragraph (4) of section 25C(d) is  
23 amended to read as follows:

24 “(4) QUALIFIED NATURAL GAS, PROPANE, AND  
25 OIL FURNACES AND HOT WATER BOILERS.—

1           “(A) QUALIFIED NATURAL GAS FUR-  
2           NACE.—The term ‘qualified natural gas fur-  
3           nace’ means any natural gas furnace which  
4           achieves an annual fuel utilization efficiency  
5           rate of not less than 95.

6           “(B) QUALIFIED NATURAL GAS HOT  
7           WATER BOILER.—The term ‘qualified natural  
8           gas hot water boiler’ means any natural gas hot  
9           water boiler which achieves an annual fuel utili-  
10          zation efficiency rate of not less than 90.

11          “(C) QUALIFIED PROPANE FURNACE.—  
12          The term ‘qualified propane furnace’ means any  
13          propane furnace which achieves an annual fuel  
14          utilization efficiency rate of not less than 95.

15          “(D) QUALIFIED PROPANE HOT WATER  
16          BOILER.—The term ‘qualified propane hot  
17          water boiler’ means any propane hot water boil-  
18          er which achieves an annual fuel utilization effi-  
19          ciency rate of not less than 90.

20          “(E) QUALIFIED OIL FURNACES.—The  
21          term ‘qualified oil furnace’ means any oil fur-  
22          nace which achieves an annual fuel utilization  
23          efficiency rate of not less than 90.

24          “(F) QUALIFIED OIL HOT WATER BOIL-  
25          ER.—The term ‘qualified oil hot water boiler’

1 means any oil hot water boiler which achieves  
 2 an annual fuel utilization efficiency rate of not  
 3 less than 90.”.

4 (3) ELIMINATION OF LIFETIME LIMITATION.—  
 5 Paragraph (1) of section 25C(b) is amended by in-  
 6 serting “by reason of subsection (a)(1)” after  
 7 “under this section”.

8 (d) MODIFICATION OF QUALIFIED ENERGY EFFI-  
 9 CIENCY IMPROVEMENTS.—

10 (1) IN GENERAL.—Paragraph (1) of section  
 11 25C(c) is amended by inserting “, or an asphalt roof  
 12 with appropriate cooling granules,” before “which  
 13 meet the Energy Star program requirements”.

14 (2) BUILDING ENVELOPE COMPONENT.—Sub-  
 15 paragraph (D) of section 25C(c)(2) is amended—

16 (A) by inserting “or asphalt roof” after  
 17 “metal roof”, and

18 (B) by inserting “or cooling granules”  
 19 after “pigmented coatings”.

20 (e) NATURAL GAS FIRED HEAT PUMPS.—Section  
 21 25C(d)(3), as amended by this section, is amended by  
 22 striking “and” at the end of subparagraph (D), by strik-  
 23 ing the period at the end of subparagraph (E) and insert-  
 24 ing “, and”, and by adding at the end the following new  
 25 subparagraph:

1                   “(F) a natural gas fired heat pump with a  
 2                   heating coefficient of performance (COP) of at  
 3                   least 1.1.”.

4           (f) ELIMINATION OF CREDIT FOR QUALIFIED EN-  
 5   ERGY EFFICIENCY IMPROVEMENTS IN 2010.—

6           (1) IN GENERAL.—Subsection (a) of section  
 7           25C is amended to read as follows:

8           “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
 9   dividual, there shall be allowed as a credit against the tax  
 10   imposed by this chapter for the taxable year an amount  
 11   equal to the amount of residential energy property expend-  
 12   itures paid or incurred by the taxpayer during the taxable  
 13   year.”.

14           (2) CONFORMING AMENDMENTS.—

15           (A) Section 25C(b), as amended by sub-  
 16           section (b), is amended by striking paragraphs  
 17           (1) and (2) and by redesignating paragraph (3)  
 18           as paragraph (1).

19           (B) Section 25C(b)(1), as redesignated by  
 20           subparagraph (A), is amended by striking “by  
 21           reason of subsection (a)(2)”.

22           (C) Section 25C is amended by striking  
 23           subsection (c).

24           (g) CLARIFICATION OF ELIGIBILITY OF STANDARDS  
 25   FOR    QUALIFIED    ENERGY    PROPERTY.—Section

1 25C(d)(2)(C) is amended by striking “and” at the end of  
2 clause (i), by striking the period at the end of clause (ii)  
3 and inserting “, and”, and by adding at the end the fol-  
4 lowing new clause:

5 “(iii) shall allow for the testing of  
6 products regardless of the size or capacity  
7 of the product.”.

8 (h) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided in para-  
10 graphs (2) and (3), the amendments made by this  
11 section shall apply to property placed in service after  
12 the date of the enactment of this Act.

13 (2) STANDARDS FOR ELECTRIC HEAT PUMPS  
14 AND CENTRAL AIR CONDITIONERS.—The amend-  
15 ments made by subparagraphs (A) and (B) sub-  
16 section (c)(2) shall apply to property placed in serv-  
17 ice after December 31, 2007.

18 (3) ELIMINATION OF CREDIT FOR QUALIFIED  
19 ENERGY EFFICIENCY IMPROVEMENTS.—The amend-  
20 ments made by subsection (f) shall apply to property  
21 placed in service after December 31, 2009.

1 **SEC. 103. MODIFICATION OF CREDIT FOR SOLAR ELECTRIC**  
 2 **PROPERTY AND SOLAR HOT WATER PROP-**  
 3 **ERTY.**

4 (a) IN GENERAL.—Subsection (a) of section 25D (re-  
 5 lating to allowance of credit) is amended by striking para-  
 6 graphs (1) and (2) and inserting the following:

7 “(1) 100 percent of the qualified solar electric  
 8 property expenditures made by the taxpayer during  
 9 such year,

10 “(2) 100 percent of the qualified solar hot  
 11 water property expenditures made by the taxpayer  
 12 during such year, and”.

13 (b) LIMITATIONS.—

14 (1) IN GENERAL.—Paragraph (1) of section  
 15 25D(b) is amended by striking subparagraphs (A)  
 16 and (B) and inserting the following:

17 “(A) \$2 with respect to each peak watt of  
 18 capacity of qualified solar electric property for  
 19 which qualified solar electric property expendi-  
 20 tures are made,

21 “(B) in the case of qualified solar water  
 22 heating property expenditures, an amount equal  
 23 to—

24 “(i) in the case of a dwelling unit  
 25 which uses electricity to heat water, \$0.35  
 26 with respect to each kilowatt per year of



savings of qualified solar hot water property for which qualified solar water heating property expenditures are made, or

“(ii) in the case of a dwelling unit which uses natural gas to heat water, \$7 with respect to each annual Therm of natural gas savings of qualified solar hot water property for which qualified solar water heating property expenditures are made, and”.

(2) DETERMINATION OF SAVINGS.—Paragraph

(1) of section 25D(b) is amended by adding at the end the following new flush sentence:

“For purposes of subparagraph (B), savings shall be determined under regulations prescribed by the Secretary based on the OG-300 Standard for the Annual Performance of OG-300 Certified Systems of the Solar Rating and Certification Corporation.”.

(c) DEFINITIONS.—

(1) IN GENERAL.—Section 25D(d) is amended—

(A) by redesignating paragraph (3) as paragraph (5), and

(B) by striking paragraphs (1) and (2) and inserting the following:

1           “(1) QUALIFIED SOLAR ELECTRIC PROPERTY  
2           EXPENDITURES.—The term ‘qualified solar electric  
3           property expenditures’ means any amount paid or  
4           incurred for qualified solar electric property.

5           “(2) QUALIFIED SOLAR ELECTRIC PROPERTY.—  
6           The term ‘qualified solar electric property’ means  
7           solar electric property (as defined in section  
8           179G(c)(2)(B)) installed on or in connection with a  
9           dwelling unit located in the United States and used  
10          as a residence by the taxpayer.

11          “(3) QUALIFIED SOLAR WATER HEATING PROP-  
12          ERTY EXPENDITURES.—The term ‘qualified solar  
13          water heating property expenditures’ means any  
14          amount paid or incurred for qualified solar hot  
15          water property.

16          “(4) QUALIFIED SOLAR HOT WATER PROP-  
17          ERTY.—The term ‘qualified solar hot water property’  
18          means solar hot water property (as defined in sec-  
19          tion 179G(c)(2)(C)) installed on or in connection  
20          with a dwelling unit located in the United States  
21          and used as a residence by the taxpayer.”.

22          (2) CONFORMING AMENDMENTS.—

23                 (A) Section 25D(e)(2) is amended by strik-  
24                 ing “property described in paragraph (1) and  
25                 (2) of subsection (d)” and inserting “qualified

1           solar electric property or qualified solar hot  
2           water property”.

3           (B) Section 25D(e)(4)(C) is amended by  
4           striking “paragraphs (1), (2), and (3)” and in-  
5           serting “paragraphs (1),(3), and (5)”.

6           (d) DOLLAR AMOUNTS IN CASE OF JOINT OCCU-  
7           PANCY.—Clauses (i) and (ii) of section 25D(e)(4)(A) are  
8           amended to read as follows:

9                   “(i) \$2 in the case of each peak watt  
10                   of capacity of qualified solar electric prop-  
11                   erty for which qualified solar electric prop-  
12                   erty expenditures are made,

13                   “(ii) in the case of qualified solar  
14                   water heating property expenditures, an  
15                   amount equal to—

16                           “(I) in the case of a dwelling unit  
17                           which uses electricity to heat water,  
18                           \$0.35 with respect to each kilowatt  
19                           per year of savings of qualified solar  
20                           hot water property for which qualified  
21                           solar water heating property expendi-  
22                           tures are made, or

23                           “(II) in the case of a dwelling  
24                           unit which uses natural gas to heat  
25                           water, \$7 with respect to each annual

1                   Therm of natural gas savings of quali-  
 2                   fied solar hot water property for  
 3                   which qualified solar water heating  
 4                   property expenditures are made, and”.

5           (e) EXTENSION OF CREDIT.—Subsection (g) of sec-  
 6 tion 25D is amended by striking “2007” and inserting  
 7 “2010”.

8           (f) EFFECTIVE DATE.—The amendments made by  
 9 this section shall apply to property placed in service after  
 10 the date of the enactment of this Act.

## 11       **TITLE II—BUSINESS-RELATED** 12       **ENERGY IMPROVEMENTS**

### 13   **SEC. 201. EXTENSION AND MODIFICATION OF NEW ENERGY** 14       **EFFICIENT HOME CREDIT.**

15           (a) EXTENSION.—Subsection (g) of section 45L (re-  
 16 lating to termination), as amended by section 205 of divi-  
 17 sion A of the Tax Relief and Health Care Act of 2006,  
 18 is amended by striking “December 31, 2008” and insert-  
 19 ing “December 31, 2011”.

20           (b) MODIFICATION.—

21               (1) IN GENERAL.—Subparagraph (B) of section  
 22 45L(a)(1) is amended to read as follows:

23                       “(B)(i) acquired by a person from such eli-  
 24                       gible contractor and used by any person as a  
 25                       residence during the taxable year, or

1 “(ii) used by such eligible contractor as a  
2 residence during the taxable year.”.

3 (2) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall take effect as if included in  
5 section 1332 of the Energy Policy Act of 2005.

6 **SEC. 202. EXTENSION AND MODIFICATION OF DEDUCTION**  
7 **FOR ENERGY EFFICIENT COMMERCIAL**  
8 **BUILDINGS.**

9 (a) EXTENSION.—Subsection (h) of section 179D  
10 (relating to termination) is amended to read as follows:

11 “(h) TERMINATION.—This section shall not apply  
12 with respect to property—

13 “(1) which is certified under subsection (d)(6)  
14 after December 31, 2012, or

15 “(2) which is placed in service after December  
16 31, 2014.

17 A provisional certification shall be treated as meeting the  
18 requirements of paragraph (1) if it is based on the build-  
19 ing plans, subject to inspection and testing after installa-  
20 tion.”.

21 (b) INCREASE IN MAXIMUM AMOUNT OF DEDUC-  
22 TION.—

23 (1) IN GENERAL.—Subparagraph (A) of section  
24 179D(b)(1) is amended by striking “\$1.80” and in-  
25 serting “\$2.25”.

(2) PARTIAL ALLOWANCE.—Paragraph (1) of section 179D(d) is amended—

(A) by striking “\$.60” and inserting “\$0.75”, and

(B) by striking “\$1.80” and inserting “\$2.25”.

(c) MODIFICATIONS TO CERTAIN SPECIAL RULES.—

(1) METHODS OF CALCULATING ENERGY SAVINGS.—

(A) IN GENERAL.—Paragraph (2) of section 179D(d) is amended—

(i) by striking “based on” and inserting “in accordance with”,

(ii) by inserting “, except as necessary to carry out the requirements of this section, to accommodate a reference to Standard 90.1-2001, to extend the applicability of such manual to national conditions, or to update technical standards based on new information” before the period at the end, and

(iii) by adding at the end the following new sentence: “The calculation methods contained in such regulations shall also provide for the calculation of ap-

1 appropriate energy savings for design meth-  
2 ods and technologies not otherwise credited  
3 in such manual or standard, including en-  
4 ergy savings associated with natural ven-  
5 tilation, evaporative cooling, automatic  
6 lighting controls (such as occupancy sen-  
7 sors, photocells, and timeclocks),  
8 daylighting, designs utilizing semi-condi-  
9 tioned spaces which maintain adequate  
10 comfort conditions without air conditioning  
11 or without heating, improved fan system  
12 efficiency (including reductions in static  
13 pressure), advanced unloading mechanisms  
14 for mechanical cooling (such as multiple or  
15 variable speed compressors), on-site gen-  
16 eration of electricity (including combined  
17 heat and power systems, fuel cells, and re-  
18 newable energy generation such as solar  
19 energy), and wiring with lower energy  
20 losses than wiring satisfying Standard  
21 90.1-2001 requirements for building power  
22 distribution systems.”.

23 (B) REQUIREMENTS FOR COMPUTER SOFT-  
24 WARE USED IN CALCULATING ENERGY AND  
25 POWER CONSUMPTION COSTS.—Paragraph

1 (3)(B) of section 179D(d) is amended by strik-  
2 ing “and” at the end of clause (ii), by striking  
3 the period at the end of clause (iii) and insert-  
4 ing “, and”, and by adding at the end the fol-  
5 lowing:

6 “(iv) which automatically—

7 “(I) generates the features, en-  
8 ergy use, and energy and power con-  
9 sumption costs of a reference building  
10 which meets Standard 90.1–2001,

11 “(II) generates the features, en-  
12 ergy use, and energy and power con-  
13 sumption costs of a compliant build-  
14 ing or system which reduces the an-  
15 nual energy and power costs by 50  
16 percent compared to Standard 90.1–  
17 2001, and

18 “(III) compares such features,  
19 energy use, and consumption costs to  
20 the features, energy use, and con-  
21 sumption costs of the building or sys-  
22 tem with respect to which the calcula-  
23 tion is being made.”.



(2) TARGETS FOR PARTIAL ALLOWANCE OF CREDIT.—Paragraph (1)(B) of section 179D(d) is amended—

(A) by striking “The Secretary” and inserting the following:

“(i) IN GENERAL.—The Secretary”,

and

(B) by adding at the end the following:

“(ii) ADDITIONAL REQUIREMENTS.—

For purposes of clause (i)—

“(I) the Secretary shall determine prescriptive criteria that can be modeled explicitly for reference buildings which meet the requirements of subsection (c)(1)(D) for different building types and regions,

“(II) a system may be certified as meeting the target under subparagraph (A)(ii) if the appropriate reference building either meets the requirements of subsection (c)(1)(D) with such system rather than the comparable reference system (using the calculation under paragraph (2))

1 or meets the relevant prescriptive cri-  
 2 teria under subclause (I), and

3 “(III) the lighting system target  
 4 shall be based on lighting power den-  
 5 sity, except that it shall allow lighting  
 6 controls credits that trade off for  
 7 lighting power density savings based  
 8 on Section 3.2.2 of the 2005 Cali-  
 9 fornia Nonresidential Alternative Cal-  
 10 culation Method Approval Manual.

11 “(iii) PUBLICATION.—The Secretary  
 12 shall publish in the Federal Register the  
 13 bases for the target levels established in  
 14 the regulations under clause (i).”.

15 (d) ALTERNATIVE STANDARDS.—Section 179D(d) is  
 16 amended by adding at the end the following new para-  
 17 graph:

18 “(7) ALTERNATIVE STANDARDS PENDING  
 19 FINAL REGULATIONS.—Until such time as the Sec-  
 20 retary issues final regulations under paragraph  
 21 (1)(B)—

22 “(A) in the case of property which is part  
 23 of a building envelope, the building envelope  
 24 system target under paragraph (1)(A)(ii) shall  
 25 be a 7 percent reduction in total annual energy

and power costs (determined in the same manner as under subsection (c)(1)(D)), and

“(B) in the case of property which is part of the heating, cooling, ventilation, and hot water systems, the heating, cooling, ventilation, and hot water system shall be treated as meeting the target under paragraph (1)(A)(ii) if it would meet the requirement in subsection (c)(1)(D) if combined with a building envelope system and lighting system which met their respective targets under paragraph(1)(A)(ii) (including interim targets in effect under subsections (f) and subparagraph (A)).”.

(e) MODIFICATIONS TO LIGHTING STANDARDS.—

(1) STANDARDS TO BE ALTERNATE STANDARDS.—Subsection (f) of section 179D is amended by—

(A) striking “INTERIM” in the heading and inserting “ALTERNATIVE”, and

(B) inserting “, or, if the taxpayer elects, in lieu of the target set forth in such final regulations” after “lighting system” at the end of the matter preceding paragraph (1).

(2) QUALIFIED INDIVIDUALS.—Section 179D(d)(6)(C) is amended by adding at the end the

following: “For purposes of certification of whether the alternative target for lighting systems under subsection (f) is met, individuals qualified to determine compliance shall include individuals who are certified as Lighting Certified (LC) by the National Council on Qualifications for the Lighting Professions, Certified Energy Managers (CEM) by the Association of Energy Engineers, and LEED Accredited Professionals (AP) by the U.S. Green Buildings Council.”.

(3) REQUIREMENT FOR BILEVEL SWITCHING.—

Section 179D(f)(2) is amended by adding at the end the following new subparagraph:

“(3) APPLICATION OF SUBSECTION TO BILEVEL SWITCHING.—

“(A) IN GENERAL.—Notwithstanding paragraph (2)(C)(i), this subsection shall apply to a system which does not include provisions for bilevel switching if the reduction in lighting power density is at least 37.5 percent of the minimum requirements in Table 9.3.1.1 or Table 9.3.1.2. (not including additional interior lighting allowances) of Standard 90.1–2001.

“(B) REDUCTION IN DEDUCTION.—In the case of a system to which this subsection ap-

1 plies by reason of subparagraph (A), paragraph  
 2 (2) shall be applied—

3 “(i) by substituting ‘50 percent’ for  
 4 ‘40 percent’ in subparagraph (A) thereof,  
 5 and

6 “(ii) in subparagraph (B)(ii) there-  
 7 of—

8 “(I) by substituting ‘37.5 per-  
 9 centage points’ for ‘25 percentage  
 10 points’, and

11 “(II) by substituting ‘12.5’ for  
 12 ‘15’.”.

13 (f) PUBLIC PROPERTY.—Paragraph (4) of section  
 14 179(d) is amended by striking “the Secretary shall pro-  
 15 mulgate a regulation to allow the allocation of the deduc-  
 16 tion” and inserting “the deduction under this section shall  
 17 be allowed”.

18 (g) EFFECTIVE DATE.—The amendments made by  
 19 this section shall apply to property placed in service in  
 20 taxable years beginning after the date of the enactment  
 21 of this Act.

22 **SEC. 203. DEDUCTION FOR ENERGY EFFICIENT LOW-RISE**  
 23 **BUILDINGS.**

24 (a) IN GENERAL.—Part VI of subchapter B of chap-  
 25 ter 1, as amended by section 404 of division A of the Tax

1 Relief and Health Care Act of 2006, is amended by insert-  
 2 ing after section 179E the following new section:

3 **“SEC. 179F. ENERGY EFFICIENT LOW-RISE BUILDINGS DE-**  
 4 **DUCTION.**

5 “(a) IN GENERAL.—There shall be allowed as a de-  
 6 duction an amount equal to the amount of qualified energy  
 7 efficiency expenditures paid or incurred by the taxpayer  
 8 during the taxable year.

9 “(b) LIMITATIONS.—

10 “(1) IN GENERAL.—The amount allowed as a  
 11 credit under subsection (a) with respect to any  
 12 dwelling unit shall not exceed the product of—

13 “(A) the qualified energy savings achieved,  
 14 and

15 “(B) \$12,000.

16 “(2) MINIMUM AMOUNT OF QUALIFIED ENERGY  
 17 SAVINGS.—No credit shall be allowed under sub-  
 18 section (a) with respect to any dwelling unit in a  
 19 qualified low-rise building which achieves a qualified  
 20 energy savings of less than 20 percent.

21 “(c) QUALIFIED ENERGY EFFICIENCY EXPENDI-  
 22 TURES.—For purposes of this section—

23 “(1) IN GENERAL.—The term ‘qualified energy  
 24 efficiency expenditures’ means any amount paid or  
 25 incurred which is related to producing qualified en-

1       energy savings in any dwelling unit located in a quali-  
 2       fied low-rise building of the taxpayer which is lo-  
 3       cated in the United States.

4               “(2) NO DOUBLE BENEFIT FOR CERTAIN EX-  
 5       PENDITURES.—The term ‘qualified energy efficiency  
 6       expenditures’ shall not include any expenditure for  
 7       any property for which a deduction has been allowed  
 8       to the taxpayer under section 179F.

9               “(3) QUALIFIED LOW-RISE BUILDING.—The  
 10       term ‘qualified low-rise building’ means a building—

11               “(A) with respect to which depreciation is  
 12       allowable under section 167,

13               “(B) which is used for multifamily hous-  
 14       ing, and

15               “(C) which is not within the scope of  
 16       Standard 90.1–2001 (as defined under section  
 17       179D(c)(2)).

18       “(d) QUALIFIED ENERGY SAVINGS.—For purposes of  
 19       this section—

20               “(1) IN GENERAL.—The term ‘qualified energy  
 21       savings’ means, with respect to any dwelling unit in  
 22       a qualified low-rise building, the amount (measured  
 23       as a percentage) by which—

24               “(A) the annual energy use with respect to  
 25       such dwelling unit after qualified energy effi-

1           ciency expenditures are made, as certified under  
2           paragraph (2), is less than

3                 “(B) the annual energy use with respect to  
4           such dwelling unit before the qualified energy  
5           efficiency expenditures were made, as certified  
6           under paragraph (2).

7           In determining annual energy use under subpara-  
8           graph (B), any energy efficiency improvements  
9           which are not attributable to qualified energy effi-  
10          ciency expenditures shall be disregarded.

11          “(2) CERTIFICATION.—

12                 “(A) IN GENERAL.—The Secretary, in con-  
13           sultation with the Secretary of Energy, shall  
14           prescribe the procedures and method for the  
15           making of certifications under this paragraph  
16           based on the Residential Energy Services Net-  
17           work (RESNET) Technical Guidelines in effect  
18           on the date of the enactment of this Act.

19                 “(B) QUALIFIED INDIVIDUALS.—Any cer-  
20           tification made under this paragraph may only  
21           be made by an individual who is recognized by  
22           an organization certified by the Secretary for  
23           such purposes.



1       “(e) SPECIAL RULES.—For purposes of this section,  
 2 rules similar to the rules under paragraphs (8) and (9)  
 3 of section 25D(e) shall apply.

4       “(f) BASIS ADJUSTMENTS.—For purposes of this  
 5 subtitle, if a credit is allowed under this section with re-  
 6 spect to any expenditure with respect to any property, the  
 7 increase in the basis of such property which would (but  
 8 for this subsection) result from such expenditure shall be  
 9 reduced by the amount of the credit so allowed.

10       “(g) TERMINATION.—This section shall not apply  
 11 with respect to any property placed in service after Decem-  
 12 ber 31, 2011.”.

13       (b) CONFORMING AMENDMENTS.—

14               (1) Section 263(a)(1), as amended by section  
 15 404 of division A of the Tax Relief and Health Care  
 16 Act of 2006, the is amended by striking “or” at the  
 17 end of subparagraph (K), by striking the period at  
 18 the end of subparagraph (L) and inserting “, or”,  
 19 and by inserting after subparagraph (L) the fol-  
 20 lowing new subparagraph:

21                       “(M) expenditures for which a deduction is  
 22 allowed under section 179F.”.

23               (2) Section 312(k)(3)(B) is amended by strik-  
 24 ing “179, 179A, 179B, 179C, 179D, or 179E” each  
 25 place it appears in the heading and text and insert-

1       ing “179, 179A, 179B, 179C, 179D, 179E, or  
2       179F”.

3           (3) Section 1016(a), as amended by section  
4       101, is amended by striking “and” at the end of  
5       paragraph (37), by striking the period at the end of  
6       paragraph (38) and inserting “, and”, and by add-  
7       ing at the end the following new paragraph:

8           “(39) to the extent provided in section  
9       179F(f).”.

10          (4) Section 1245(a) is amended by inserting  
11       “179F,” after “179E,” both places it appears in  
12       paragraphs (2)(C) and (3)(C).

13          (5) The table of sections for part VI of sub-  
14       chapter B is amended by inserting after the item re-  
15       lating to section 179E the following new item:

“Sec. 179F. Energy efficient low-rise buildings deduction.”.

16       (c) EFFECTIVE DATE.—The amendments made by  
17       this section shall apply to amounts paid or incurred in tax-  
18       able years beginning after the date of the enactment of  
19       this Act.

20       **SEC. 204. ENERGY EFFICIENT PROPERTY DEDUCTION.**

21       (a) IN GENERAL.—Part VI of subchapter B of chap-  
22       ter 1, as amended by section 203, is amended by inserting  
23       after section 179F the following new section:

1 **“SEC. 179G. ENERGY EFFICIENT PROPERTY.**

2 “(a) ALLOWANCE OF DEDUCTION.—There shall be  
3 allowed as a deduction an amount equal to the energy effi-  
4 cient property expenditures paid or incurred by the tax-  
5 payer during the taxable year.

6 “(b) LIMITATION.—The amount of the deduction al-  
7 lowed under subsection (a) for any taxable years shall not  
8 exceed—

9 “(1) \$150 for any advanced main air circu-  
10 lating fan,

11 “(2) \$450 for any qualified natural gas furnace  
12 or qualified propane furnace,

13 “(3) \$900 for—

14 “(A) any item of energy-efficient building  
15 property, and

16 “(B) any qualified oil furnace, qualified  
17 natural gas hot water boiler, qualified propane  
18 hot water boiler, or qualified oil hot water boil-  
19 er,

20 “(4) \$9 with respect to each peak watt of ca-  
21 pacity of solar electric property,

22 “(5) in the case of solar hot water property, an  
23 amount equal to—

24 “(A) in the case of a dwelling unit which  
25 uses electricity to heat water, \$1 with respect to

1           each kilowatt per year of savings of such solar  
2           hot water property, or

3           “(B) in the case of a dwelling unit which  
4           uses natural gas to heat water, \$21 with re-  
5           spect to each annual Therm of natural gas sav-  
6           ings of such solar hot water property.

7 For purposes of paragraph (5), savings shall be deter-  
8 mined under regulations prescribed by the Secretary based  
9 on the OG-300 Standard for the Annual Performance of  
10 OG-300 Certified Systems of the Solar Rating and Cer-  
11 tification Corporation.

12       “(c) ENERGY EFFICIENT PROPERTY EXPENDI-  
13 TURES.—For purposes of this section—

14           “(1) IN GENERAL.—The term ‘energy efficient  
15       property expenditures’ means expenditures paid by  
16       the taxpayer for qualified energy property which is—

17           “(A) of a character subject to the allow-  
18       ance for depreciation, and

19           “(B) originally placed in service by the tax-  
20       payer.

21       “(2) QUALIFIED ENERGY PROPERTY.—

22           “(A) IN GENERAL.—The term ‘qualified  
23       energy property’ has the meaning given such  
24       term by section 25C(d)(2), except that such

1 term shall include solar electric property and  
 2 solar hot water property.

3 “(B) SOLAR ELECTRIC PROPERTY.—The  
 4 term ‘solar electric property’ means property  
 5 which uses solar energy to generate electricity.

6 “(C) SOLAR HOT WATER PROPERTY.—The  
 7 term ‘solar hot water property’ means property  
 8 used to heat water if at least half of the energy  
 9 used by such property for such purpose is de-  
 10 rived from the sun.

11 “(d) BASIS ADJUSTMENTS.—For purposes of this  
 12 subtitle, if a credit is allowed under this section with re-  
 13 spect to any expenditure with respect to any property, the  
 14 increase in the basis of such property which would (but  
 15 for this subsection) result from such expenditure shall be  
 16 reduced by the amount of the credit so allowed.

17 “(e) TERMINATION.—This section shall not apply  
 18 with respect to any property placed in service after Decem-  
 19 ber 31, 2010.”.

20 (b) NO DOUBLE BENEFIT.—Section 179D(c) is  
 21 amended by adding at the end the following new para-  
 22 graph:

23 “(3) CERTAIN PROPERTY EXCLUDED.—The  
 24 term ‘energy efficient commercial building property’  
 25 does not include any property with respect to which

1 a credit has been allowed to the taxpayer under sec-  
2 tion 179G.”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 263(a)(1), as amended by section  
5 203, is amended by striking “or” at the end of sub-  
6 paragraph (K), by striking the period at the end of  
7 subparagraph (L) and inserting “, or”, and by in-  
8 serting after subparagraph (L) the following new  
9 subparagraph:

10 “(M) expenditures for which a deduction is  
11 allowed under section 179G.”.

12 (2) Section 312(k)(3)(B), as amended by sec-  
13 tion 203, is amended by striking “179, 179A, 179B,  
14 179C, 179D, 179E, or 179F” each place it appears  
15 in the heading and text and inserting “179, 179A,  
16 179B, 179C, 179D, 179E, 179F, or 179G”.

17 (3) Section 1016(a), as amended by section  
18 203, is amended by striking “and” at the end of  
19 paragraph (38), by striking the period at the end of  
20 paragraph (39) and inserting “, and”, and by add-  
21 ing at the end the following new paragraph:

22 “(40) to the extent provided in section  
23 179G(e).”.

1           (4) Section 1245(a), as amended by section 203  
 2           is amended by inserting “179G,” after “179F,” both  
 3           places it appears in paragraphs (2)(C) and (3)(C).

4           (5) The table of sections for part VI of sub-  
 5           chapter B is amended by inserting after the item re-  
 6           lating to section 179F the following new item:

“Sec. 179G. Energy efficient property.”.

7           (d) **EFFECTIVE DATE.**—The amendments made by  
 8           this section shall apply to property placed in service in  
 9           taxable years beginning after the date of the enactment  
 10          of this Act.

11   **SEC. 205. EXTENSION OF INVESTMENT TAX CREDIT WITH**  
 12                           **RESPECT TO SOLAR ENERGY PROPERTY AND**  
 13                           **QUALIFIED FUEL CELL PROPERTY.**

14          (a) **SOLAR ENERGY PROPERTY.**—Paragraphs  
 15          (2)(A)(i)(II) and (3)(A)(ii) of section 48(a), as amended  
 16          by section 207 of division A of the Tax Relief and Health  
 17          Care Act of 2006, are each amended by striking “2009”  
 18          and inserting “2012”.

19          (b) **ELIGIBLE FUEL CELL PROPERTY.**—Paragraph  
 20          (1)(E) of section 48(c), as so amended, is amended by  
 21          striking “2008” and inserting “2011”.

1 **TITLE III—INCENTIVES FOR EN-**  
 2 **ERGY SAVINGS CERTIFI-**  
 3 **CATIONS**

4 **SEC. 301. CREDIT FOR ENERGY SAVINGS CERTIFICATIONS.**

5 (a) IN GENERAL.—Subpart D of part IV of sub-  
 6 chapter A of chapter 1, as amended by section 405 of divi-  
 7 sion A of the Tax Relief and Health Care Act of 2006,  
 8 is amended by adding at the end the following new section:

9 **“SEC. 450. ENERGY SAVINGS CERTIFICATION CREDIT.**

10 “(a) IN GENERAL.—For purposes of section 38, the  
 11 energy savings certification credit determined under this  
 12 section for any taxable year is an amount equal to the  
 13 sum of—

14 “(1) the qualified training and certification  
 15 costs paid or incurred by the taxpayer which may be  
 16 taken into account for such taxable year, plus

17 “(2) the qualified certification equipment ex-  
 18 penditures paid or incurred by the taxpayer which  
 19 may be taken into account for such taxable year.

20 “(b) QUALIFIED TRAINING AND CERTIFICATION  
 21 COSTS.—

22 “(1) IN GENERAL.—The term ‘qualified train-  
 23 ing and certification costs’ means costs paid or in-  
 24 curred for training which is required for the tax-  
 25 payer or employees of the taxpayer to be certified by



1 the Secretary under section 25D(d)(2)(B) or  
 2 179F(d)(2)(B) for the purpose of certifying energy  
 3 savings.

4 “(2) LIMITATION.—The qualified training and  
 5 certification costs taken into account under sub-  
 6 section (a)(1) for the taxable year with respect to  
 7 any individual shall not exceed \$500 reduced by the  
 8 amount of the credit allowed under subsection (a)(1)  
 9 to the taxpayer (or any predecessor) with respect to  
 10 such individual for all prior taxable years.

11 “(3) YEAR COSTS TAKEN INTO ACCOUNT.—  
 12 Qualified training and certifications costs with re-  
 13 spect to any individual shall not be taken into ac-  
 14 count under subsection (a)(1) before the taxable  
 15 year in which the individual with respect to whom  
 16 such costs are paid or incurred has performed 25  
 17 certifications under sections 25E(d)(2)(A) and  
 18 179F(d)(2)(A).

19 “(c) QUALIFIED CERTIFICATION EQUIPMENT EX-  
 20 PENDITURES.—

21 “(1) IN GENERAL.—The term ‘qualified train-  
 22 ing equipment expenditures’ means costs paid or in-  
 23 curred for—

24 “(A) blower doors,

25 “(B) duct leakage testing equipment,

1 “(C) flue gas combustion equipment, and

2 “(D) digital manometers.

3 “(2) LIMITATION.—

4 “(A) IN GENERAL.—The qualified certifi-  
 5 cation equipment expenditures taken into ac-  
 6 count under subsection (a)(2) with respect to  
 7 any taxpayer for any taxable year shall not ex-  
 8 ceed \$1,000.

9 “(B) LIMITATION ON INDIVIDUAL  
 10 ITEMS.—The qualified certification equipment  
 11 expenditures taken into account under sub-  
 12 section (a)(2) shall not exceed—

13 “(i) \$500 with respect to any blower  
 14 door or duct leakage testing equipment,  
 15 and

16 “(ii) \$100 with respect to any flue gas  
 17 combustion equipment or digital manom-  
 18 eter.

19 “(3) YEAR EXPENDITURES TAKEN INTO AC-  
 20 COUNT.—The qualified certification equipment ex-  
 21 penditures of any taxpayer shall not be taken into  
 22 account under subsection (a)(2) before the taxable  
 23 year in which the taxpayer has performed 25 certifi-  
 24 cations under sections 25E(d)(2)(A) and  
 25 179F(d)(2)(A).

1 “(d) SPECIAL RULES.—

2 “(1) AGGREGATION RULES.—For purposes of  
3 this section, all persons treated as a single employer  
4 under subsections (a) and (b) of section 52 shall be  
5 treated as 1 person.

6 “(2) BASIS REDUCTION.—The basis of any  
7 property shall be reduced by the portion of the cost  
8 of such property taken into account under sub-  
9 section (a).

10 “(3) DENIAL OF DOUBLE BENEFIT.—

11 “(A) IN GENERAL.—No deduction shall be  
12 allowed for that portion of the expenses other-  
13 wise allowable as a deduction for the taxable  
14 year which is equal to the amount taken into  
15 account under subsection (a) for such taxable  
16 year.

17 “(B) AMOUNT PREVIOUSLY DEDUCTED.—  
18 No credit shall be allowed under subsection (a)  
19 with respect to any amount for which a deduc-  
20 tion has been allowed in any preceding taxable  
21 year.”.

22 (b) CREDIT TREATED AS PART OF GENERAL BUSI-  
23 NESS CREDIT.—Section 38(b) is amended by striking  
24 “plus” at the end of paragraph (30), by striking the period

1 at the end of paragraph (31) and inserting “plus”, and  
 2 by adding at the end the following new paragraph:

3 “(32) the energy savings certification credit de-  
 4 termined under section 45O(a).”.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 1016(a), as amended by this Act, is  
 7 amended by striking “and” at the end of paragraph  
 8 (39), by striking the period at the end of paragraph  
 9 (40) and inserting “and”, and by adding at the end  
 10 the following new paragraph:

11 “(41) to the extent provided in section  
 12 45O(d)(2).”.

13 (2) The table of sections for subpart D of part  
 14 IV of subchapter A of chapter 1 is amended by in-  
 15 serting after the item relating to section 45N the  
 16 following new item:

“Sec. 45O. Energy savings certification credit.”.

17 (d) EFFECTIVE DATE.—The amendments made by  
 18 this section shall apply to amounts paid or incurred after  
 19 the date of the enactment of this Act.

○